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Reagan Was Told of Secret Contra Aid After Congress Had Barred U.S. Funding

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WASHINGTON — President Reagan's advisers kept him informed about secret Saudi Arabian contributions to Nicaraguan rebels and other clandestine efforts to arm the insurgents after Congress halted official U.S. aid to the Contras.

Current and former senior administration officials said the president welcomed a 1984 offer from Saudi Arabian Ambassador Prince Bandar bin Sultan to contribute \$1 million a month to the Contras when former National Security Adviser Robert McFarlane briefed him on it.

The sources said Mr. McFarlane also reported to the president regularly on secret arms shipments to the rebels in 1985 and on efforts by private groups in the U.S. to raise money for the Contras. "McFarlane told the president everything he knew," said one former senior official.

But the officials said it isn't clear whether Mr. Reagan, Mr. McFarlane, and other top officials knew that fired National Security Council aide Lt. Col. Oliver North was controlling the secret arms network, directing arms shipments to the Contras, and providing crucial military intelligence to the rebels. "This was all presented as things the Contras were doing for themselves, not as things Ollie (Col. North) was doing for them," said one former senior official.

Expected Testimony

And there still is no evidence, administration and congressional sources said, that the president knew profits from U.S. arms sales to Iran were diverted to the Contras in 1986. Mr. Reagan has repeatedly said he knew nothing of any diversion before Justice Department officials found evidence of it in Col. North's files last November.

The full story of the secret Contra aid

network isn't likely to be known publicly at least until Col. North, former National Security Adviser John Poindexter and others who directed it testify before congressional investigators, probably in June. Another major figure in the secret operation, former Central Intelligence Agency Director William Casey, is hospitalized for cancer treatment and isn't expected to testify.

But other current and former senior officials, intelligence sources, and some of the individuals who helped raise and distribute money to the Contras now have offered their version of how the private aid network got started and how Col. North oversaw it with little or no supervision from his superiors at the White House and only cursory legal advice.

Their accounts cast doubt on repeated assertions by some administration officials that they had little or no knowledge of the secret Contra aid network. Former CIA Director Casey, for instance, told Time magazine last December that "we didn't know and they (the Contras) weren't telling us about their funding and their procurement."

President Reagan said at his news conference last week that he knew "that there were many people privately giving money" to aid the Contras during the period Congress had cut off U.S. funds to them.

Issue of Legality

The president said he didn't believe such donations were illegal because they were private. But according to current and former administration officials and some Contra fund-raisers, Mr. Reagan, Mr. McFarlane and other officials believed the secret aid program was legal in part because Col. North misled his superiors about the extent of his involvement with the rebels.

Mr. McFarlane, according to current and former officials, told Col. North several times in 1985 that he couldn't become a broker for aid to the Contras or get into the business of actually buying and selling weapons. Nevertheless, according to a report by the presidential commission that investigated the Iran-Contra affair, Col. North quickly became the chief executive of a secret Contra aid network whose assets he later estimated at \$4.5 million.

After news accounts in mid-1985 prompted congressional inquiries about Col. North's activities, Mr. McFarlane asked an aide, Brenda Reger, to assemble records of Col. North's contacts with the rebels, a former senior official said. After reviewing the 2½-inch stack of documents, Mr. McFarlane summoned Col. North to his office several times and questioned him, two former officials recalled.

When Mr. McFarlane asked Col. North whether he had done anything to help procure arms for the Contras, Col. North replied: "No, they've done it on their own," one former senior official said. "Ollie always presented this as things the Contras were doing for themselves."

Meetings With Supporters Cited

Col. North, the former official asserted, also told Mr. McFarlane he had met almost 100 times with Contra supporters, but insisted that he had always been careful to advise potential donors to send their contributions directly to Contra groups, which he said were listed in the Miami telephone book.

Mr. McFarlane, three former officials said, then drafted a letter to former Rep. Michael Barnes (D., Md.) insisting that the NSC staff hadn't been supporting the Contras "directly or indirectly" and gave the letter and the documents collected from Col. North to then-White House counsel Fred Fielding. According to Mr. Fielding, Mr. McFarlane never asked him to review the legality of Col. North's activities.

Col. North has refused to comment on his role in the Iran-Contra affair.

Current and former officials and other

sources familiar with the Contra aid network say Mr. Casey and other U.S. officials began soliciting contributions to the Contras and other anti-communist causes from Saudi Arabia, Israel and other nations as early as 1982. "The concept of trying to get third countries to be helpful was floating around for years," said one State Department official.

Talk in '84 Reported

As it became clear in 1984 that Congress would cut off aid to the Contras, the administration's Restricted Interagency Group, which oversaw the CIA's Contra operations, began considering alternative sources of assistance for the insurgents. Two members of the group, Col. North and Duane "Dewey" Clarridge, then the head of the CIA's Central America Task Force, discussed whether Israel or other countries might be willing to provide military trainers and arms to the Contras, according to participants in the Restricted Interagency Group meetings.

Mr. Clarridge and Col. North met with Contra leaders in Honduras in May 1984 and assured them that the U.S. wouldn't abandon them even if Congress shut down the CIA's Nicaraguan operations, according to current and former Contra leaders. If necessary, Mr. Clarridge told the Nicaraguans, Col. North would assume control of the operation. Congress cut off aid to the Contras beginning in October 1984.

Mr. Clarridge has declined to comment, as has Col. North.

When the Saudi Arabians offered to help finance the Contras in mid-1984, the president and his top advisers still hadn't debated the merits of seeking outside help for the insurgents, according to a former senior official deeply involved in the Contra aid issue.

After contributing \$8 million for the Contras beginning in July 1984, the Saudis agreed in February 1985 to donate another \$24 million. As a result, by the end of March 1985, the Saudis had given some \$32 million to the Contras, according to a former senior official.

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